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MEDIA CHINESE INTERNATIONAL LIMITED

世界華文媒體有限公司

(Incorporated in Bermuda with limited liability)

(Malaysia Company No. 200702000044)

(Hong Kong Stock Code: 685)

(Malaysia Stock Code: 5090)

ANNOUNCEMENT

FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Media Chinese International Limited (the "Company"), a public company listed on the main market of Bursa Securities, announced the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the quarter ended 30 September 2020 to Bursa Securities on 25 November 2020.

This announcement is also made pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HK Listing Rules") and the Inside Information Provisions (as defined under the HK Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

25 November 2020

As at the date of this announcement, the Board comprises Ms. TIONG Choon, Mr. TIONG Kiew Chiong and Mr. LEONG Chew Meng, being executive directors; Dato' Sri Dr. TIONG Ik King, being non-executive director; and Mr. YU Hon To, David, Datuk CHONG Kee Yuon and Mr. KHOO Kar Khoon, being independent non-executive directors.

MEDIA CHINESE INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability) (Malaysia Company No. 200702000044)
Financial report for the second quarter ended 30 September 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited) Three months ended 30 September		(Unaudited) Three months ended 30 September	
	2020 US\$'000	2019 US\$'000	2020 RM'000 <i>(Note)</i>	2019 RM'000 <i>(Note)</i>
Turnover	30,371	72,898	126,207	302,928
Cost of goods sold	(20,006)	(51,829)	(83,135)	(215,376)
Gross profit	10,365	21,069	43,072	87,552
Other income	5,428	2,265	22,556	9,412
Other losses, net	(46)	(45)	(191)	(187)
Selling and distribution expenses	(7,663)	(11,766)	(31,845)	(48,894)
Administrative expenses	(6,133)	(7,287)	(25,486)	(30,281)
Other operating expenses	(1,228)	(1,305)	(5,103)	(5,422)
Operating profit	723	2,931	3,003	12,180
Finance costs	(129)	(174)	(535)	(723)
Profit before income tax	594	2,757	2,468	11,457
Income tax credit	50	252	208	1,047
Profit for the quarter	644	3,009	2,676	12,504
Profit/(loss) attributable to:				
Owners of the Company	783	3,185	3,254	13,235
Non-controlling interests	(139)	(176)	(578)	(731)
	644	3,009	2,676	12,504
Earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	0.05	0.19	0.21	0.79
Diluted (US cents/sen) #	0.05	0.19	0.21	0.79

Refer to B11 for calculations of basic and diluted earnings per share

Note: The presentation currency of this unaudited financial information is United States Dollar ("US\$"). Supplementary information in Malaysian Ringgit ("RM") for the quarter ended 30 September 2020 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.1555 ruling at 30 September 2020. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

MEDIA CHINESE INTERNATIONAL LIMITED
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Financial report for the second quarter ended 30 September 2020

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	(Unaudited) Three months ended 30 September		(Unaudited) Three months ended 30 September	
	2020 US\$'000	2019 US\$'000	2020 RM'000 (Note)	2019 RM'000 (Note)
Profit for the quarter	644	3,009	2,676	12,504
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	4,199	(1,758)	17,449	(7,305)
Item that will not be reclassified subsequently to profit or loss:				
Fair value change on financial assets at fair value through other comprehensive income	1,029	(438)	4,276	(1,820)
Other comprehensive income/(loss) for the quarter, net of tax	5,228	(2,196)	21,725	(9,125)
Total comprehensive income for the quarter	5,872	813	24,401	3,379
Total comprehensive income/(loss) for the quarter attributable to:				
Owners of the Company	5,726	1,116	23,794	4,638
Non-controlling interests	146	(303)	607	(1,259)
	5,872	813	24,401	3,379

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited) Six months ended 30 September		(Unaudited) Six months ended 30 September	
	2020 US\$'000	2019 US\$'000	2020 RM'000 <i>(Note)</i>	2019 RM'000 <i>(Note)</i>
Turnover	54,591	144,530	226,853	600,594
Cost of goods sold	(39,712)	(103,289)	(165,023)	(429,217)
Gross profit	14,879	41,241	61,830	171,377
Other income	9,894	4,556	41,115	18,932
Other gains/(losses), net	41	(117)	170	(486)
Selling and distribution expenses	(15,102)	(22,762)	(62,756)	(94,587)
Administrative expenses	(12,319)	(13,988)	(51,193)	(58,127)
Other operating expenses	(2,459)	(2,586)	(10,218)	(10,747)
Operating (loss)/profit	(5,066)	6,344	(21,052)	26,362
Finance costs	(289)	(343)	(1,201)	(1,425)
(Loss)/profit before income tax	(5,355)	6,001	(22,253)	24,937
Income tax credit/(expense)	117	(857)	486	(3,561)
(Loss)/profit for the period	(5,238)	5,144	(21,767)	21,376
(Loss)/profit attributable to:				
Owners of the Company	(4,899)	5,449	(20,358)	22,643
Non-controlling interests	(339)	(305)	(1,409)	(1,267)
	(5,238)	5,144	(21,767)	21,376
(Loss)/earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	(0.29)	0.32	(1.21)	1.33
Diluted (US cents/sen) #	(0.29)	0.32	(1.21)	1.33

Refer to B11 for calculations of basic and diluted (loss)/earnings per share

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the period ended 30 September 2020 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.1555 ruling at 30 September 2020. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	(Unaudited) Six months ended 30 September		(Unaudited) Six months ended 30 September	
	2020 US\$'000	2019 US\$'000	2020 RM'000 <i>(Note)</i>	2019 RM'000 <i>(Note)</i>
(Loss)/profit for the period	(5,238)	5,144	(21,767)	21,376
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	5,251	(3,474)	21,821	(14,436)
Item that will not be reclassified subsequently to profit or loss:				
Fair value change on financial assets at fair value through other comprehensive income	1,172	(594)	4,871	(2,468)
Other comprehensive income/(loss) for the period, net of tax	6,423	(4,068)	26,692	(16,904)
Total comprehensive income for the period	1,185	1,076	4,925	4,472
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	1,201	1,543	4,991	6,412
Non-controlling interests	(16)	(467)	(66)	(1,940)
	1,185	1,076	4,925	4,472

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the period ended 30 September 2020 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.1555 ruling at 30 September 2020. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 30 September 2020 US\$'000	(Audited) As at 31 March 2020 US\$'000	(Unaudited) As at 30 September 2020 RM'000 <i>(Note)</i>	(Unaudited) As at 31 March 2020 RM'000 <i>(Note)</i>
ASSETS				
Non-current assets				
Property, plant and equipment	69,472	70,669	288,692	293,665
Investment properties	22,546	21,864	93,690	90,856
Intangible assets	9,051	9,146	37,611	38,006
Deferred income tax assets	124	120	515	499
Investments accounted for using the equity method	32	-	133	-
Financial assets at fair value through other comprehensive income	852	1,267	3,540	5,265
	102,077	103,066	424,181	428,291
Current assets				
Inventories	21,811	20,039	90,636	83,272
Trade and other receivables	23,373	25,252	97,127	104,935
Financial assets at fair value through profit or loss	1,173	425	4,874	1,766
Income tax recoverable	573	447	2,381	1,858
Short-term bank deposits	17,565	13,430	72,991	55,808
Cash and cash equivalents	58,763	60,452	244,190	251,208
	123,258	120,045	512,199	498,847
Current liabilities				
Trade and other payables	26,228	22,328	108,990	92,785
Contract liabilities	7,099	8,889	29,500	36,938
Income tax liabilities	115	564	478	2,344
Bank and other borrowings	21,217	19,362	88,167	80,459
Lease liabilities	850	839	3,532	3,486
Current portion of other non-current liabilities	62	60	258	249
	55,571	52,042	230,925	216,261
Net current assets	67,687	68,003	281,274	282,586
Total assets less current liabilities	169,764	171,069	705,455	710,877

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	(Unaudited) As at 30 September 2020 US\$'000	(Audited) As at 31 March 2020 US\$'000	(Unaudited) As at 30 September 2020 RM'000 (Note)	(Unaudited) As at 31 March 2020 RM'000 (Note)
EQUITY				
Equity attributable to owners of the Company				
Share capital	21,715	21,715	90,237	90,237
Share premium	54,664	54,664	227,156	227,156
Other reserves	(115,634)	(121,506)	(480,516)	(504,918)
Retained earnings	200,922	207,280	834,931	861,352
	<u>161,667</u>	<u>162,153</u>	<u>671,808</u>	<u>673,827</u>
Non-controlling interests	628	645	2,610	2,680
Total equity	<u>162,295</u>	<u>162,798</u>	<u>674,418</u>	<u>676,507</u>
Non-current liabilities				
Lease liabilities	930	1,354	3,865	5,627
Deferred income tax liabilities	5,112	5,533	21,242	22,992
Other non-current liabilities	1,427	1,384	5,930	5,751
	<u>7,469</u>	<u>8,271</u>	<u>31,037</u>	<u>34,370</u>
	<u>169,764</u>	<u>171,069</u>	<u>705,455</u>	<u>710,877</u>
Net assets per share attributable to owners of the Company (US cents /sen)	<u>9.58</u>	<u>9.61</u>	<u>39.81</u>	<u>39.93</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)						
	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Sub-total		
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
At 1 April 2019	21,715	54,664	(113,173)	204,553	167,759	2,062	169,821
Profit/(loss) for the period	-	-	-	5,449	5,449	(305)	5,144
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(3,473)	-	(3,473)	(1)	(3,474)
Item that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	(433)	-	(433)	(161)	(594)
Other comprehensive loss, net of tax	-	-	(3,906)	-	(3,906)	(162)	(4,068)
Total comprehensive (loss)/income for the period ended 30 September 2019	-	-	(3,906)	5,449	1,543	(467)	1,076
Total transactions with owners, recognised directly in equity							
2018/2019 second interim dividend	-	-	-	(1,687)	(1,687)	-	(1,687)
2018/2019 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(1)	(1)
	-	-	-	(1,687)	(1,687)	(1)	(1,688)
At 30 September 2019	21,715	54,664	(117,079)	208,315	167,615	1,594	169,209

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						Total equity US\$'000
	Attributable to owners of the Company					Non- controlling interests US\$'000	
	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Sub-total US\$'000		
At 1 April 2020	21,715	54,664	(121,506)	207,280	162,153	645	162,798
Loss for the period	-	-	-	(4,899)	(4,899)	(339)	(5,238)
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	5,245	-	5,245	6	5,251
Item that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	855	-	855	317	1,172
Other comprehensive income, net of tax	-	-	6,100	-	6,100	323	6,423
Total comprehensive income/(loss) for the period ended 30 September 2020	-	-	6,100	(4,899)	1,201	(16)	1,185
Release of reserve upon disposal of financial assets at fair value through other comprehensive income	-	-	(228)	228	-	-	-
Total transactions with owners, recognised directly in equity							
2019/2020 second interim dividend	-	-	-	(1,687)	(1,687)	-	(1,687)
2019/2020 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(1)	(1)
	-	-	-	(1,687)	(1,687)	(1)	(1,688)
At 30 September 2020	21,715	54,664	(115,634)	200,922	161,667	628	162,295

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						Total equity RM'000 (Note)
	Attributable to owners of the Company					Non-controlling interests RM'000 (Note)	
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Sub-total RM'000 (Note)		
At 1 April 2019	90,237	227,156	(470,290)	850,020	697,123	8,569	705,692
Profit/(loss) for the period	-	-	-	22,643	22,643	(1,267)	21,376
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(14,432)	-	(14,432)	(4)	(14,436)
Item that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	(1,799)	-	(1,799)	(669)	(2,468)
Other comprehensive loss, net of tax	-	-	(16,231)	-	(16,231)	(673)	(16,904)
Total comprehensive (loss)/income for the period ended 30 September 2019	-	-	(16,231)	22,643	6,412	(1,940)	4,472
Total transactions with owners, recognised directly in equity							
2018/2019 second interim dividend	-	-	-	(7,010)	(7,010)	-	(7,010)
2018/2019 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(4)	(4)
	-	-	-	(7,010)	(7,010)	(4)	(7,014)
At 30 September 2019	90,237	227,156	(486,521)	865,653	696,525	6,625	703,150

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						Total equity RM'000 (Note)
	Attributable to owners of the Company					Non- controlling interests RM'000 (Note)	
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Sub-total RM'000 (Note)		
At 1 April 2020	90,237	227,156	(504,918)	861,352	673,827	2,680	676,507
Loss for the period	-	-	-	(20,358)	(20,358)	(1,409)	(21,767)
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	21,796	-	21,796	25	21,821
Item that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	3,553	-	3,553	1,318	4,871
Other comprehensive income, net of tax	-	-	25,349	-	25,349	1,343	26,692
Total comprehensive income/(loss) for the period ended 30 September 2020	-	-	25,349	(20,358)	4,991	(66)	4,925
Release of reserve upon disposal of financial assets at fair value through other comprehensive income	-	-	(947)	947	-	-	-
Total transactions with owners, recognised directly in equity							
2019/2020 second interim dividend	-	-	-	(7,010)	(7,010)	-	(7,010)
2019/2020 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(4)	(4)
	-	-	-	(7,010)	(7,010)	(4)	(7,014)
At 30 September 2020	90,237	227,156	(480,516)	834,931	671,808	2,610	674,418

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)		(Unaudited)	
	Six months ended 30 September		Six months ended 30 September	
	2020	2019	2020	2019
	US\$'000	US\$'000	RM'000	RM'000
			<i>(Note)</i>	<i>(Note)</i>
Cash flows from operating activities				
Cash generated from operations	1,180	15,512	4,903	64,460
Interest paid	(289)	(343)	(1,201)	(1,425)
Income tax paid	(980)	(398)	(4,072)	(1,654)
Net cash (used in)/generated from operating activities	(89)	14,771	(370)	61,381
Cash flows from investing activities				
Dividends received	25	13	104	54
Increase in short-term bank deposits with original maturity over three months	(4,135)	(4,702)	(17,184)	(19,540)
Proceeds from sales of financial assets at fair value through other comprehensive income	1,590	-	6,607	-
Interest received	550	751	2,286	3,121
Proceeds from disposal of property, plant and equipment	2	31	8	129
Purchases of intangible assets	(27)	(52)	(112)	(216)
Purchases of property, plant and equipment	(260)	(463)	(1,080)	(1,924)
Payment for acquisition of interests in a joint venture	(32)	-	(133)	-
Payment for acquisition of financial assets at fair value through profit or loss	(851)	-	(3,536)	-
Net cash used in investing activities	(3,138)	(4,422)	(13,040)	(18,376)
Cash flows from financing activities				
Dividends paid	(1,687)	(1,687)	(7,010)	(7,010)
Dividends paid to non-controlling interests by an unlisted subsidiary	(1)	(1)	(4)	(4)
Proceeds from bank and other borrowings	5,696	1,778	23,670	7,388
Repayments of bank and other borrowings	(3,905)	(3,795)	(16,227)	(15,770)
Principal elements of lease liabilities	(368)	(343)	(1,529)	(1,425)
Net cash used in financing activities	(265)	(4,048)	(1,100)	(16,821)
Net (decrease)/increase in cash and cash equivalents				
	(3,492)	6,301	(14,510)	26,184
Cash and cash equivalents at beginning of period	60,452	69,204	251,208	287,577
Exchange adjustments on cash and cash equivalents	1,803	(1,036)	7,492	(4,305)
Cash and cash equivalents at end of period	58,763	74,469	244,190	309,456

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A. NOTES TO THE FINANCIAL INFORMATION

A1. Basis of preparation

This condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the quarter and six months ended 30 September 2020 (“this financial information”) has been prepared in accordance with the International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board, Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HK Listing Rules”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Listing Requirements”).

This financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2020 which were prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This financial information has not been audited.

A2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new and amended standards as set out below.

Taxes on income for the three months and six months ended 30 September 2020 are accrued using the tax rate that would be applicable to expected total annual earnings.

(i) New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 April 2020:

- Amendments to IAS 1 and IAS 8, “Definition of material”
- Amendments to IFRS 3, “Definition of a business”
- Amendments to IAS 39, IFRS 7 and IFRS 9, “Interest rate benchmark reform”
- Conceptual Framework for Financial Reporting 2018, “Revised conceptual framework for financial reporting”

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A2. Accounting policies (Continued)

(ii) New and amended standards and interpretations not yet adopted by the Group

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 30 September 2020 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendments to IFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective Date to be determined
Amendments to IFRS 16	COVID-19-related rent concessions	1 June 2020
IFRS 17	Insurance contracts	1 January 2023
Amendments to IFRS 17	Insurance contracts	1 January 2023
Annual improvements	Annual improvements to IFRSs 2018-2020 cycle	1 January 2022

None of these new standards and interpretations are expected to have a material impact on the Group's consolidated financial statements.

A3. Functional currency and translation to presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The functional currency of the Company is Malaysian Ringgit ("RM"). However, each entity within the Group can present its financial statements in any currency, which can be the same or different from the entity's functional currency. As the Group operates internationally, management considers that it is more appropriate to use United States Dollar ("US\$"), a globally recognised currency, as the presentation currency for the Group's consolidated financial statements. For the entity whose functional currency is not US\$, its results and financial position have been translated into US\$.

The assets and liabilities of each entity within the Group are mostly denominated in its own functional currency and do not have material impact on the consolidated statement of profit or loss for the period.

During the period ended 30 September 2020, the Group is particularly exposed to movements in the US\$ to RM exchange rate as a major part of the Group's operations is located in Malaysia.

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A4. Auditor's report on preceding annual financial statements

The auditor's report of the Group's annual financial statements for the year ended 31 March 2020 was not subject to any qualification.

A5. Seasonal or cyclical factors

The business operations of the Group may be affected by major festive seasons or major events that may increase or decrease the advertising revenue and the travel business revenue.

A6. Unusual items

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the quarter under review except that the Group's business activities were affected by the COVID-19 pandemic and the measures taken to contain the outbreak by the governments in countries where the Group has business operations as disclosed in Notes B1 and B2.

A7. Changes in estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the results of the quarter under review.

A8. Changes in debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

A9. Dividends paid

The tax-exempt second interim dividend of US0.10 cents per ordinary share, totaling US\$1,687,000, in respect of the year ended 31 March 2020 was paid on 13 July 2020.

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A10. Turnover and segment information

The Group Executive Committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the reports that are reviewed and used by the Group Executive Committee for strategic decision-making.

The Group is organised operationally on a worldwide basis in four major operating segments:

Publishing and printing: Malaysia and other Southeast Asian countries
Publishing and printing: Hong Kong and Taiwan
Publishing and printing: North America
Travel and travel related services

Publishing and printing segments are engaged in the publication, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language. The segments derive revenue mainly from the provision of advertising services and sales of newspapers and magazines. Travel and travel related services segment derives revenue from the sales of travel packages and provision of tour services.

The Group Executive Committee assesses the performance of the operating segments based on a measure of segment profit/(loss) before income tax as presented in the internal financial report. Other information provided is measured in a manner consistent with that in the internal financial report.

The Group's turnover and results for the quarter ended 30 September 2020, analysed by operating segment, are as follows:

	(Unaudited)					Total US\$'000
	Three months ended 30 September 2020					
	Publishing and printing				Travel and travel related services US\$'000	
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000		
Turnover	18,803	9,859	1,690	30,352	19	30,371
Segment profit/(loss) before income tax	17	936	232	1,185	(429)	756
Other net unallocated expenses						(162)
Profit before income tax						594
Income tax credit						50
Profit for the quarter						644
Other segmental information:						
Interest income	235	-	2	237	7	244
Finance costs	(12)	(104)	-	(116)	(13)	(129)
Depreciation of property, plant and equipment	(1,218)	(297)	(41)	(1,556)	(195)	(1,751)
Amortisation of intangible assets	(197)	(24)	(2)	(223)	(1)	(224)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A10. Turnover and segment information (Continued)

The Group's turnover and results for the quarter ended 30 September 2019, analysed by operating segment, are as follows:

	(Unaudited) Three months ended 30 September 2019 Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
Turnover	27,433	13,368	2,565	43,366	29,532	72,898
Segment profit/(loss) before income tax	2,029	(451)	(827)	751	2,209	2,960
Other net unallocated expenses						(203)
Profit before income tax						2,757
Income tax credit						252
Profit for the quarter						3,009
Other segmental information:						
Interest income	346	8	14	368	22	390
Finance costs	(1)	(163)	-	(164)	(10)	(174)
Depreciation of property, plant and equipment	(1,287)	(289)	(45)	(1,621)	(198)	(1,819)
Amortisation of intangible assets	(167)	(29)	(2)	(198)	(8)	(206)

Disaggregation of revenue

Turnover is derived from publishing, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language, and provision of travel and travel related services.

Turnover recognised during the quarter is disaggregated as follows:

	(Unaudited) Three months ended 30 September	
	2020 US\$'000	2019 US\$'000
By major products or service lines		
Timing of revenue recognition		
At a point in time		
Sales of newspapers, magazines, books and digital contents, net of trade discounts and returns	12,839	15,081
Travel and travel related services income	11	337
Over time		
Advertising income, net of trade discounts	17,513	28,285
Travel and travel related services income	8	29,195
	30,371	72,898

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A10. Turnover and segment information (Continued)

The Group's turnover and results for the period ended 30 September 2020, analysed by operating segment, are as follows:

	(Unaudited)					
	Six months ended 30 September 2020					
	Publishing and printing				Travel and travel related services	Total
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000	US\$'000	US\$'000
Turnover	33,079	18,464	2,980	54,523	68	54,591
Segment (loss)/profit before income tax	<u>(3,619)</u>	<u>(985)</u>	356	<u>(4,248)</u>	<u>(803)</u>	<u>(5,051)</u>
Other net unallocated expenses						<u>(304)</u>
Loss before income tax						<u>(5,355)</u>
Income tax credit						<u>117</u>
Loss for the period						<u>(5,238)</u>
Other segmental information:						
Interest income	535	-	3	538	12	550
Finance costs	(25)	(234)	-	(259)	(30)	(289)
Depreciation of property, plant and equipment	(2,403)	(596)	(80)	(3,079)	(405)	(3,484)
Amortisation of intangible assets	(395)	(50)	(4)	(449)	(2)	(451)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A10. Turnover and segment information (Continued)

The Group's turnover and results for the period ended 30 September 2019, analysed by operating segment, are as follows:

	(Unaudited)					Total US\$'000
	Six months ended 30 September 2019					
	Publishing and printing				Travel and travel related services	
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000	US\$'000	
Turnover	54,679	25,105	5,508	85,292	59,238	144,530
Segment profit/(loss) before income tax	4,520	(1,599)	(836)	2,085	4,307	6,392
Other net unallocated expenses						(391)
Profit before income tax						6,001
Income tax expense						(857)
Profit for the period						<u>5,144</u>
Other segmental information:						
Interest income	681	15	20	716	35	751
Finance costs	(12)	(312)	-	(324)	(19)	(343)
Depreciation of property, plant and equipment	(2,591)	(580)	(93)	(3,264)	(375)	(3,639)
Amortisation of intangible assets	(344)	(58)	(4)	(406)	(15)	(421)

Disaggregation of revenue

Turnover is derived from publishing, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language, and provision of travel and travel related services.

Turnover recognised during the period is disaggregated as follows:

	(Unaudited)	
	Six months ended 30 September 2020 US\$'000	2019 US\$'000
By major products or service lines		
Timing of revenue recognition		
At a point in time		
Sales of newspapers, magazines, books and digital contents, net of trade discounts and returns	24,756	29,733
Travel and travel related services income	16	640
Over time		
Advertising income, net of trade discounts	29,767	55,559
Travel and travel related services income	52	58,598
	<u>54,591</u>	<u>144,530</u>

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A10. Turnover and segment information (Continued)

The segment assets and liabilities as at 30 September 2020 are as follows:

	(Unaudited)						Total US\$'000
	Publishing and printing				Travel and travel related services US\$'000	Elimination US\$'000	
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000			
Segment assets	158,480	40,180	12,212	210,872	14,285	(626)	224,531
Unallocated assets							<u>804</u>
Total assets							<u>225,335</u>
Total assets include:							
Investments accounted for using the equity method	-	32	-	32	-	-	32
Additions to non-current assets (other than deferred income tax assets)	174	94	13	281	6	-	287
Segment liabilities	(13,850)	(31,569)	(8,043)	(53,462)	(3,690)	626	(56,526)
Unallocated liabilities							<u>(6,514)</u>
Total liabilities							<u>(63,040)</u>

The segment assets and liabilities as at 31 March 2020 are as follows:

	(Audited)						Total US\$'000
	Publishing and printing				Travel and travel related services US\$'000	Elimination US\$'000	
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000			
Segment assets	158,529	35,575	10,688	204,792	17,854	(642)	222,004
Unallocated assets							<u>1,107</u>
Total assets							<u>223,111</u>
Total assets include:							
Additions to non-current assets (other than deferred income tax assets)	1,213	484	41	1,738	1,466	-	3,204
Segment liabilities	(12,458)	(28,872)	(6,063)	(47,393)	(6,126)	642	(52,877)
Unallocated liabilities							<u>(7,436)</u>
Total liabilities							<u>(60,313)</u>

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A10. Turnover and segment information (Continued)

The elimination between segments represents intercompany receivables and payables between segments.

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, investments accounted for using the equity method, financial assets at fair value through other comprehensive income, inventories, trade and other receivables, financial assets at fair value through profit or loss, short-term bank deposits, and cash and cash equivalents. They mainly exclude deferred income tax assets and income tax recoverable of the Group.

Segment liabilities consist primarily of trade and other payables, contract liabilities, bank and other borrowings, lease liabilities and other non-current liabilities. They mainly exclude deferred income tax liabilities and income tax liabilities of the Group.

A11. Valuation of property, plant and equipment

There was no revaluation of the Group's property, plant and equipment during the quarter ended 30 September 2020.

A12. Subsequent material events

There were no subsequent material events of the Group.

A13. Changes in the composition of the Group

There were no material changes in the composition of the Group during the quarter under review, except the following:

- (a) Ming Pao Nominees Limited, a dormant and an indirect wholly-owned subsidiary of the Company had been deregistered from the Hong Kong Companies Registry. Charming Holidays International Limited, a dormant and an indirect wholly-owned subsidiary of the Company, had been deregistered from the Registry of the Cayman Islands. In addition, the dormant and indirect wholly-owned subsidiaries of the Company namely, MediaNet Investment Limited, MediaNet Resources Limited, Ming Pao Enterprise Corporation Limited, Ming Pao Secretarial Services Limited and Charming Holidays Holdings Limited are under the deregistration process.
- (b) Best Gold Resources Limited, Enston Investment Limited, Loka Investment Limited, Media Connect Investment Limited, Top Plus Limited being the dormant and indirect wholly-owned subsidiaries of One Media Group Limited ("One Media") had been struck off from the Registry of Corporate Affairs in the British Virgin Islands. In addition, the dormant and indirect wholly-owned subsidiaries of One Media namely, One Media (HK) Limited, ByRead Inc., Million Fortune Resources Limited, 掌富科技(南京)有限公司 and 南京掌門科技有限公司 are under the deregistration process.

A14. Capital commitments

Capital commitments not provided for as at 30 September 2020 are as follows:

	(Unaudited)
	US\$'000
Authorised and contracted for Property, plant and equipment	555

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A15. Related party transactions

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Advertising income received from related companies (<i>note 1</i>)	-	-	-	(1)
Provision of accounting and administrative services to related companies (<i>note 1</i>)	-	(2)	-	(5)
Provision of engineering professional services by a related company (<i>note 1</i>)	-	11	-	23
Provision of legal services by a related company (<i>note 2</i>)	13	30	19	49
Purchase of air tickets from a related company (<i>note 1</i>)	-	5	-	7
Purchase of honey from a related company (<i>note 1</i>)	1	-	3	-
Purchase of mineral water from a related company (<i>note 1</i>)	-	1	-	1
Rental expenses paid to related companies (<i>note 1</i>)	24	25	47	47

Notes:

- 1) Certain shareholders and directors of the Company are shareholders and/or directors of these related companies.
- 2) A director of a subsidiary of the Company is an associate of the related company.
- 3) All the transactions above have been entered into in the normal course of business and have been charged at predetermined rates agreed mutually by the parties involved.

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
MAIN MARKET LISTING REQUIREMENTS**

B1. Analysis of performance

	(Unaudited) Three months ended 30 September			(Unaudited) Six months ended 30 September		
	2020 US\$'000	2019 US\$'000	% Change	2020 US\$'000	2019 US\$'000	% Change
Turnover	30,371	72,898	-58.3%	54,591	144,530	-62.2%
Profit/(loss) before income tax	594	2,757	-78.5%	(5,355)	6,001	-189.2%
EBITDA/ (EBITDA loss)	2,454	4,566	-46.3%	(1,681)	9,653	-117.4%

For the quarter ended 30 September 2020, the Group's turnover decreased by 58.3% to US\$30,371,000 compared to the corresponding quarter of 2019. The decline was attributable to decreases of 99.9% and 30.0% in turnover from the travel segment and the printing and publishing segment respectively. Despite the significant decline in revenue, the Group recorded a profit before income tax of US\$594,000 for the current quarter, mainly attributed to substantial cost savings across the Group and financial support received from the governments in countries where the Group operates.

EBITDA for the quarter was US\$2,454,000, a 46.3% decrease from the EBITDA of US\$4,566,000 in the corresponding quarter last year.

During the current quarter, both the RM and the Canadian dollar ("C\$") weakened against the US dollar, resulting in a negative currency impact of approximately US\$160,000 on the Group's turnover and a positive currency impact of approximately US\$5,000 on the Group's profit before income tax.

Publishing and Printing

The turnover of the publishing and printing segment decreased by US\$13,014,000 or 30.0% from US\$43,366,000 in the same quarter last year to US\$30,352,000. Nevertheless, the segment's profit before income tax increased by US\$434,000 or 57.8% year-on-year from US\$751,000 to US\$1,185,000.

The Malaysia and other Southeast Asian countries segment turnover fell by 31.5% year-on-year from US\$27,433,000 to US\$18,803,000 for the quarter under review. The segment reported a profit before income tax of US\$17,000 in spite of the significant decline in revenue, mainly attributed to strict cost control management in all its operating units. Malaysia's lockdown restrictions were eased in early June 2020 when it was replaced by the Recovery Movement Control Order which allowed many business sectors to resume operations in compliance with strict standard operating procedures. However, economic activities remained at a much lower level during the quarter under review when compared to the pre-COVID period, as market sentiment was dampened by global economic uncertainties and the country's increased unemployment rate.

Hong Kong experienced a third wave of COVID-19 in July which prompted the government to further tighten the social distancing measures, thereby slowed down the city's economic recovery. The turnover of the Hong Kong and Taiwan segment decreased by 26.2% to US\$9,859,000 compared to US\$13,368,000 in the corresponding quarter of the previous year. Despite the decline in revenue, this segment recorded a profit before income tax of US\$936,000 for the quarter under review, as opposed to a loss before income tax of US\$451,000 a year ago. In addition to the Group's tight cost-cutting measures, the improvement in this segment's result was also due to the wage subsidies received under the Hong Kong government's Employment Support Scheme which aimed at assisting businesses battered by the coronavirus pandemic.

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES’
 MAIN MARKET LISTING REQUIREMENTS (Continued)**

B1. Analysis of performance (Continued)

The performance of the North America segment remained subdued due to the slowdown of economic activities in the region amid the pandemic. The segment’s turnover for the current quarter fell 34.1% year-on-year to US\$1,690,000 from US\$2,565,000. The segment registered a profit before income tax of US\$232,000 for the current quarter as against a loss before income tax of US\$827,000 a year ago in spite of the decline in revenue. This was mainly attributed to cost savings and funds received from the Canadian government’s subsidies and relief programs.

Travel and travel related services

The coronavirus has paralysed the tour and travel industry with border closures and travel restrictions being implemented by many countries. The Group’s travel segment has experienced significant decline in revenue since February this year. The segment’s turnover for the current quarter amounted to US\$19,000 only, down 99.9% from US\$29,532,000 in the previous year’s quarter. The sharp decline in revenue resulted in the travel segment reporting a loss before income tax of US\$429,000, as opposed to a profit before income tax of US\$2,209,000 in the same quarter last year.

First half of FY 2020/2021

For the six months ended 30 September 2020, the Group’s turnover decreased by US\$89,939,000 or 62.2% to US\$54,591,000 from US\$144,530,000 in the same period last year. Turnover of the publishing and printing and the travel segment fell by 36.1% and 99.9% respectively.

Resulting from the decline in revenue, the Group recorded a loss before income tax of US\$5,355,000 for the period under review, compared to a profit before income tax of US\$6,001,000 for the corresponding period in 2019.

The Group reported an EBITDA loss of US\$1,681,000 for the first six months of 2020/2021, as opposed to an EBITDA of US\$9,653,000 in the prior year period.

During the six months ended 30 September 2020, both the RM and the C\$ weakened against the US dollar which resulted in a negative currency impact of approximately US\$790,000 on the Group’s turnover and a positive currency impact of approximately US\$164,000 on the Group’s loss before income tax.

B2. Variation of results against immediate preceding quarter

	(Unaudited) Three months ended 30 September 2020 US\$’000	(Unaudited) Three months ended 30 June 2020 US\$’000	% Change
Turnover	30,371	24,220	25.4%
Profit/(loss) before income tax	594	(5,949)	110.0%

The Group’s turnover for the current quarter amounted to US\$30,371,000, an increase of US\$6,151,000 or 25.4% compared with the US\$24,220,000 reported in the previous quarter. This was mainly due to improved performance of the publishing and printing segment. The Group reported a profit before income tax of US\$594,000 for the current quarter, as against a loss before income tax of US\$5,949,000 in the previous quarter.

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES’
 MAIN MARKET LISTING REQUIREMENTS (Continued)**

B3. Current year prospects

The Group expects the market conditions for the months ahead to be extremely challenging and difficult. It is imperative for countries to open their borders in order to drive global trade and spur spending by consumers and allow economic activities to resume gradually. However, with the current resurgence of the coronavirus infections in many countries, the Group does not expect much improvement in the economy of the countries which it operates in for the remainder of the current financial year.

COVID-19 has an unprecedented adverse impact on the travel industry which will only start to recover when an effective vaccine is widely available and customers’ confidence in air travel is restored. The setting up of “air travel bubbles” between countries will help revive cross-border passenger flow and the Group will keep abreast of this market development for any business opportunities. Meantime, it will strive to keep its travel business afloat through this tough period by drastically cutting down all its expenditures.

The lockdowns and social distancing measures have led to an increase in online consumption and hence digital business opportunities. The Group will continue to focus on expanding its multimedia services through its web and mobile platforms. At the same time, the Group will monitor its financial position closely and ensure strict cost controls remain in place and be monitored closely to ensure that the Group has sufficient resources to ride through this pandemic.

B4. Profit forecast and profit guarantee

The Group has not provided any profit forecast or profit guarantee in any public document.

B5. Profit before income tax

Profit before income tax has been arrived at after (charging) /crediting:

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	US\$’000	US\$’000	US\$’000	US\$’000
Exchange gains/(losses), net	93	(50)	177	(108)
Government grants	4,501	613	7,520	1,290
Provision for loss allowance and write-off of trade and other receivables	(73)	(573)	(205)	(439)
Provision for impairment and write-off of inventories	(85)	(39)	(125)	(79)
Write-off of intangible assets	-	(40)	-	(40)
(Loss)/gain on disposal of property, plant and equipment	(4)	2	(6)	(8)

Save as disclosed above and in A10, the other items as required under Part A(16) of Appendix 9B of the Bursa Securities’ Listing Requirements are not applicable.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' MAIN MARKET LISTING REQUIREMENTS (Continued)

B6. Income tax expense/(credit)

Income tax expense/(credit) in the condensed consolidated statement of profit or loss represents:

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Current period income tax expense	367	171	431	1,336
(Over)/under provision in prior years	(1)	3	(1)	1
Deferred income tax credit	(416)	(426)	(547)	(480)
	(50)	(252)	(117)	857

The effective tax rate of the Group for the current quarter and period under review was lower than the Malaysian statutory tax rate of 24% mainly due to certain non-taxable income and losses incurred by certain subsidiaries.

B7. Status of corporate proposal

There were no corporate proposals announced but not completed at the latest practicable date, which is not earlier than seven days from the date of issue of this financial information.

B8. Group borrowings

The Group's borrowings as at 30 September 2020 are as follows:

	Secured	(Unaudited)	Total
	US\$'000	Unsecured	
		US\$'000	US\$'000
Current			
Bank borrowings	19,690	1,527	21,217

The Group's borrowings were denominated in the following currencies:

	(Unaudited)
	US\$'000
Malaysian Ringgit	1,333
Hong Kong dollars	19,884
	21,217

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 30 September 2020 and 31 March 2020.

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
MAIN MARKET LISTING REQUIREMENTS (Continued)**

B9. Material litigation

As at 30 September 2020, there were several libel suits which involved claims against some companies in the Group. The Group has been strongly contesting those claims. Even though the final outcome of the proceedings is still uncertain as of the date this financial information is authorised for issue, the directors of the Company are of the opinion that the respective ultimate liability, if any, will not have a material adverse impact on the Group's financial position.

B10. Dividend payable

The Board of Directors does not recommend any distribution of dividend for the six months ended 30 September 2020 (2019/2020: US0.16 cents per ordinary share).

B11. Earnings/(loss) per share attributable to owners of the Company

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2020	2019	2020	2019
Profit/(loss) attributable to owners of the Company(US\$'000)	783	3,185	(4,899)	5,449
Weighted average number of ordinary shares in issue	1,687,236,241	1,687,236,241	1,687,236,241	1,687,236,241
Basic earnings/(loss) per share (US cents)	0.05	0.19	(0.29)	0.32
Diluted earnings/(loss) per share (US cents)	0.05	0.19	(0.29)	0.32

The diluted earnings/ (loss) per share is the same as the basic earnings/(loss) per share as there were no dilutive potential shares in issue during the quarter and period ended 30 September 2020 and 2019.

B12. Contingencies

As at 30 September 2020, the Group had short-term bank deposits of US\$516,000 (At 31 March 2020: US\$516,000) pledged to a bank for a bank guarantee issued.

On behalf of the Board
Media Chinese International Limited

Tin Suk Han
Tong Siew Kheng
Joint Company Secretaries
25 November 2020